

PATENT

Application Serial No. 09/592,618  
Attorney Docket No. 00-012**REMARKS**

- Claims 1 – 80 are currently pending in the present application.
- Upon the entry of the amendments requested herein, claims 58 and 65 – 80 will be cancelled. Applicants expressly reserve the right to pursue the subject matter of these claims in a continuing application and have cancelled these claims for reasons unrelated to patentability.
- Of the claims that will remain pending upon entry of the amendments requested herein, only claims 1, 30, 47, 49, 51 – 54, 56, 59, 63, and 64 are independent. Each of these claims is an independent method claim and has been amended herein. Additionally, some dependent claims have been amended herein to provide proper antecedent basis based on the amendments to the independent claims.
- Claims 81 – 87 have been added. Each of these claims is supported by the specification as filed.
- The specification has been amended herein to correct inadvertent typographical errors noted during a review of the application. No new matter has been added.

**I. Telephone Interview**

Applicants thank Examiner for extending the courtesy of a telephone interview on December 05, 2002. Discussed during the interview were the pending claims and U.S. Patent Application Serial No. 09/415,065 (Pub. No. US 2002/0049631 A1, hereinafter "Williams"). As Applicants' representative noted during the interview, neither Williams nor any other prior art of record teaches or suggests charging a price of a benefit to a customer, in accordance with some embodiments of Applicants' invention. Accordingly, Applicants are amending each of the pending independent claims to recite such a feature.

During the interview, Examiner discussed generally commodity options and subscriptions to magazines as potentially relevant art. As Applicants' representative stated during the interview, Applicants would need to review any such art as provided on the record in order to be able to adequately evaluate whether the pending claims are anticipated by or rendered obvious by any such practices. Accordingly, if Examiner in a future Office Action relies on such prior art, Applicants request that Examiner provide

PATENT

Application Serial No. 09/592,618  
Attorney Docket No. 00-012

one or more references in support thereof, so that Applicants may assess the meets and bounds of the alleged prior art.

## II. §112 Rejection

Claims 20 and 21 stand rejected under 35 U.S.C. §112 because the term "said transaction information" lacks antecedent basis. Applicants have amended claims 20 and 21 herein and respectfully submit that the amendment overcomes this rejection.

## III. §101 Rejection

Claims 1 – 64 stand rejected under 35 U.S.C. §101 as not reciting a useful, concrete, and tangible result and thus being directed to non-statutory subject matter. In addition to the alleged lack of a useful, concrete, and tangible result, Examiner expressed a concern that the steps of the rejected claims "are abstract ideas which can be performed mentally without interaction of a physical structure or are mere data storage devices that do not implement a useful concrete and tangible result of a machine." Applicants respectfully traverse this rejection for the reasons set forth below.

Of the rejected claims 1 – 64, claims 1, 30, 47, 49, 51 – 54, 56, 58, 59, 63, and 64 are independent. Of these independent claims, claim 58 has been cancelled herein. Accordingly, for purposes of brevity, the discussion regarding Applicants' traversal of the §101 rejection will be limited to independent claims 1, 30, 47, 49, 51 – 54, 56, 59, 63 and 64.

Each of the independent claims 1, 30, 47, 49, 51 – 54, 56, 59, 63 and 64 include a step of "determining a benefit" and a step of "applying the benefit", even before the amendments made herein. After the amendments made herein, each of these claims also recites a limitation of charging a customer for a price of the benefit. Each of these steps, respectively, is a useful, concrete and tangible result.

A claimed invention that produces a useful, concrete and tangible result constitutes statutory subject matter. AT & T Corp. v. Excel Communications Inc., 172 F.3d 1352, 1356, 50 USPQ2d 1447, 1451 (Fed. Cir. 1999); State Street Bank v. Signature

PATENT

Application Serial No. 09/592,618  
Attorney Docket No. 00-012

Financial Trust, 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1601 (Fed. Cir. 1998), cert. denied, 119 S. Ct. 851 (1999).

The Federal Circuit has held that a claimed processing system was patentable subject matter because the system determines a final share price - a useful, concrete, and tangible result. State Street, 149 F.3d at 1373, 47 USPQ2d at 1601. Similarly, the Federal Circuit has also held that a claimed process was patentable subject matter because it determines the value of a PIC indicator - a useful, concrete, tangible result. The PIC indicator represents information about the call recipient's PIC, a useful, non-abstract result that facilitates differential billing of long-distance calls made by an IXC's subscriber. AT&T Corp., 172 F.3d at 1357, 50 USPQ2d at 1452.

The claimed step of determining a benefit and applying a benefit each constitute a useful, concrete, and tangible result. The benefit, for example, may take the form of a document that entitles a customer to a specified price for a product (e.g., the same price the customer is paying for the product during a current transaction). Applying the benefit may comprise, for example, determining a price to charge a customer for a product (e.g., the price being the same price the customer previously paid for the product during a previous transaction) and charging the customer for that price. Such results are even more concrete and tangible than the ones sanctioned by the Federal Circuit in State Street, (in which a share price was determined but not application of the share price was recited in the claims), and in AT&T (where the value of an indicator was determined, but no application of the indicator was recited in the independent claims). Accordingly, Applicants respectfully submit that the pending independent claims do recite a useful, concrete and tangible result and are directed to statutory subject matter.

In addition to the assertion that the pending claims do not recite a useful, concrete, and tangible result, Examiner (apparently in the alternative) asserts that the claims are directed to non-statutory subject matter because some or all of the steps may be performed mentally, without interaction of a physical structure ("The independently claimed steps....are abstract ideas which can be performed mentally without interaction of a physical structure or are mere data storage devices that do not implement a useful, concrete and tangible result of a machine", pg. 2 of paper no. 2, emphasis added).

PATENT

Application Serial No. 09/592,618  
Attorney Docket No. 00-012

Applicants agree that the pending method claims do not require that any or all of the steps recited therein be implemented on a computing device or other apparatus, although they certainly can be in accordance with some disclosed embodiments of the present invention. However, the mere fact that some or all of the steps of a method "may be carried out in or with the aid of the human mind or because it may be necessary for one performing the processes to think" does not render a sequence of operational steps non-statutory under 35 U.S.C. §101. In Re Musgrave, 57 C.C.P.A. 1352, 431 F.2d 882 (C.C.P.A. 1970). The court, in Musgrave, rejected the Examiner's reasoning that the claims at issue were non-statutory under 35 U.S.C. §101 merely because they "include no physical steps but set forth merely a method for processing data which does not require any tangible device or apparatus to carry out the method and hence could be carried out mentally." The court, in Musgrave, reiterated its holding in an earlier case, that "patent protection for a process disclosed as being a sequence or combination of steps, capable of performance without human intervention...is not precluded by the mere fact that the process could alternatively be carried out by mental steps." In Re Prater, 56 C.C.P.A. 1376, 415 F.2d 1378 (C.C.P.A. 1968).

Further, the Federal Circuit has recently stated that "[t]he existence of mental steps in the claims or specification of a patent do not, in and of themselves, invalidate the patent." Musco Corp. v. Qualite Inc., 106 F.3d 427 (Fed. Cir. 1997)(unpublished).

Accordingly, Applicants respectfully submit that the pending claims are directed to statutory subject matter because they recite a useful, concrete, and tangible result and because the mere fact that some or all of the steps may be performed without aid of an apparatus do not render them non-statutory.

#### IV. §102 Rejection

Claims 1 – 4, 6 – 9, 11 – 23, 28 – 29, 30 – 33, 35 – 38, 40 – 44, 46, and 47 – 80 stand rejected under 35 U.S.C. §102(e) as being anticipated by Williams (US 2002/0049631). Of these rejected claims, only claims 1, 30, 47, 49, 51 – 54, 56, 58, 59, and 63 – 80 are independent. Claims 58 and 65 – 80 have been cancelled herein. Accordingly, the rejection of claims 58 and 65 – 80 is now moot.

PATENT

Application Serial No. 09/592,618  
Attorney Docket No. 00-012

Of the remaining pending independent claims 1, 30, 47, 49, 51 – 54, 56, 59, 63 and 64, Applicants have amended each to include the feature of charging the customer associated with the first transaction for a price of the benefit (or an analogous feature). Neither Williams, nor any of the other prior art of record, teaches or suggests such a feature. In particular, Williams only teaches charging a cost of an incentive to a sponsor of the incentive, not to the customer who is being provided with the incentive.

#### V. §103 Rejection

Claims 5, 10, 24 – 25, 34, and 39 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Williams in view of Walker et al. (US Patent No. 5,970,470, hereinafter “Walker”). Claims 26 – 27, and 45 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Williams in view of Mindrum et al. (U.S. Patent No. 4,723,212, hereinafter “Mindrum”). Each of these claims is dependent on an independent claim that has been amended as discussed with respect to the §102(b) rejection. Applicants thus respectfully submit that each of these dependent claims is now in condition for allowance at least because it includes each of the limitations of the respective independent claim from which it depends.

Improper motivation to combine / modify

PATENT

App. Serial No. 09/592,618  
Attorney Docket No. 00-012

Applicants note that, as support for the combination of Williams and Walker as applied to claims 5, 10, 24 – 25, 34, and 39, Examiner asserted that “it would have been obvious to one having ordinary skill in the art to modify Williams to include imposing a penalty if a customer does not complete a specific future transaction because it would increase the profitability of the system by decreasing the losses incurred by Vendors providing benefits to their customers.” In support of the combination of Williams and Mindrum as applied to claims 26 – 27, and 45, Examiner asserted that “[i]t would have been obvious to one having ordinary skill in the art to modify Williams to include that the benefit is transferable and can be shared by a plurality of people because it would increase the profitability of the system by attracting new customers.” Neither of these assertions is a proper statement of a motivation to combine two or more references.

Stating that prior art references have been combined because the combination results in Applicants’ claimed invention or an improvement of the prior art is not a proper motivation to combine. Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. MPEP 706.02(j). *In re Fine*, 5 USPQ2d 1596 (Fed. Cir. 1988); *In re Jones*, 21 USPQ2d 1941 (Fed. Cir. 1992). It is the burden of the Examiner to establish a *prima facie* case of obviousness by pointing to a specific teaching in the record that would have motivated one of ordinary skill in the art to modify the prior art in the manner suggested by Examiner. *In re Fine*, at 1598. Applicants respectfully submit that Examiner has not met this *prima facie* burden for the pending claims because Examiner has not pointed to a specific teaching or suggestion *in the prior art* but has merely provided an unsupported conclusory statement.

If Examiner maintains the position that combination of Williams and Walker renders the rejected claims obvious, which Applicants submit they do not, Applicants urge Examiner to apply a proper obviousness analysis and point to a specific suggestion in the prior art or within the knowledge of one of ordinary skill in the art that would make the suggested combination/modification of the prior art result in Applicants’ claimed invention. A proper obviousness analysis cannot be “limited to a discussion of the ways that the multiple prior art references can be combined to read on the claimed invention”

PATENT

Application Serial No. 09/592,618  
Attorney Docket No. 00-012

(*In Re Dembiczak*, 175 F.3d 994, Fed. Cir. 1999, holding that the Board of Appeals holding of obviousness cannot stand as a matter of law, due to the Board's failure to support its finding of obviousness by a suggestion, teaching, or motivation to combine the prior art references cited against the pending claims). "Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability--the essence of hindsight." (*Id.*).

Further, Applicants respectfully submit that it would not have been obvious to one of ordinary skill in the art to impose a penalty on a customer in the Williams system. First, the incentive provided to a customer in the Williams system is a coupon or similar incentive that is provided to the customer for free. It does not make sense to charge a penalty to a customer for not taking advantage of an incentive that is provided to the customer for free. Second, the retailer that provides the incentive to a customer in Williams is compensated for the cost of providing the incentive by a sponsor of the incentive. Accordingly, the retailer does not suffer a loss if the customer does not use the incentive because the retailer has already been compensated for the cost of providing the incentive. Accordingly, Examiner's stated motivation of "decreasing the losses incurred by Vendors providing benefits to their customers" is not relevant because the vendors in Williams do not incur such losses.

Accordingly, Applicants respectfully request that the §103(a) rejection of claims 5, 10, 24 – 25, 26 – 27, 34, 39, and 45 be withdrawn.

## VI. Newly Added Claims

The newly submitted claims 81 – 87 are directed to particular embodiments of Applicants' invention that are not taught or suggested by any of the prior art of record. Accordingly, Applicants respectfully submit that these claims are in condition for allowance. If Examiner has any questions or concerns regarding these newly submitted claims (or any of the amended claims), Applicants invite Examiner to contact Applicants representative for expeditious resolution of any such questions or concerns.

PATENT

Application Serial No. 09/592,618  
Attorney Docket No. 00-012**VII. Conclusion and Petition for Extension of Time**

For the foregoing reasons it is submitted that all of the claims are now in condition for allowance and the Examiner's early re-examination and reconsideration are respectfully requested.


Alternatively, if there remains any question regarding the present application or any of the cited references, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is cordially requested to contact Magdalena M. Fincham at telephone number 203-461-7041 or via electronic mail at [mfincham@walkerdigital.com](mailto:mfincham@walkerdigital.com).

**Petition for Extension of Time to Respond**

Applicants do not believe any petition or fee for an extension of time with which to respond to the Office Action is due. However, if such a fee should be due, please charge it to our Deposit Account No. 50-0271. Please charge any additional fees that may be required for this Response, or credit any overpayment to Deposit Account No. 50-0271.

If an extension of time is required, or if an additional extension of time is required in addition to that requested in a petition for an extension of time, please grant a petition for that extension of time which is required to make this Response timely, and please charge any fee for such extension to Deposit Account No. 50-0271.

Respectfully submitted,

December 20, 2002  
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PATENT

Application Serial No. 09/592,618  
Attorney Docket No. 00-012**CLAIM AMENDMENTS  
VERSION WITH CHANGES MARKED**

1. (AMENDED) A method for conducting a transaction, comprising:
  - receiving information relating to a first transaction;
  - determining a benefit, said benefit based at least in part on said information;
  - determining a price for said benefit;
  - charging the price to a customer associated with the first transaction; and
  - applying said benefit during a second transaction.
2. (AMENDED) The method of claim 1, further comprising at least one of the following:
  - retrieving benefit information;
  - offering said benefit for sale at said price;
  - receiving an indication of a purchase of said benefit; and
  - receiving an indication of the [a] customer's agreement to purchase said benefit.
13. (AMENDED) The method of claim 1, wherein said price comprises at least one of the following:
  - a monetary amount;
  - a non-monetary amount;
  - a commitment from [a] the customer to complete a designated qualifying action;
  - an agreement by [a] the customer to complete a future transaction;
  - an agreement by [a] the customer to purchase a product or service during said transaction;
  - an agreement by [a] the customer to purchase a product or service at a designated retailer;
  - an agreement by [a] the customer to purchase a product or service by a specific date;
  - an agreement by [a] the customer to purchase a product or service within a specific period of time;
  - an agreement by [a] the customer to accept a cross subsidy; and

PATENT

App. Serial No. 09/592,618  
Attorney Docket No. 00-012

an agreement by [a] the customer to use a designated financial account during a future transaction.

15. (AMENDED) The method of claim 14, wherein said qualifying action comprises at least one of the following:

- a requirement that [a] the customer purchase at least one of an identified product;
- a requirement that [a] the customer purchase at least one of an identified service;
- a requirement that [a] the customer complete a future transaction at a designated retailer;
- a requirement that [a] the customer complete a future transaction by a designated time; and
- a requirement that [a] the customer conduct a specific future transaction.

18. (AMENDED) The method of claim 1, wherein said transaction information includes at least one of the following:

- a customer identifier;
- a group identifier;
- a benefit identifier;
- a customer device identifier;
- preference information for [a] the customer;
- credit history of [a] the customer;
- characteristics of [a] the customer;
- information regarding [a] the customer's brand loyalty;
- information regarding [a] the customer's brand indifference;
- a retailer device identifier;
- a product identifier;
- a service identifier;
- an amount of change due [a] the customer as a result of said transaction;
- product quantity information;
- a price for a product; and
- a price for a service.

PATENT

App. Serial No. 09/592,618  
Attorney Docket No. 00-012

20. (AMENDED) The method of claim 1, wherein said information relating to the first transaction [information] is received by at least one of the following:

- [a] the customer;
- a customer device;
- a controller;
- a retailer; and
- a retailer device.

21. (AMENDED) The method of claim 1, wherein said information relating to the first transaction [information] is received from at least one of the following:

- the [a] customer;
- a customer device;
- a controller;
- a retailer; and
- a retailer device.

23. (AMENDED) The method of claim 1, wherein said benefit is based at least in part on at least one of the following:

- a customer identifier;
- a group identifier;
- a benefit identifier;
- preference information for [a] the customer;
- credit history of [a] the customer;
- a characteristic of [a] the customer;
- customer demographic information;
- a history of [a] the customer at a retailer;
- information regarding [a] the customer's brand loyalty;
- information regarding [a] the customer's brand indifference;
- a product;
- a service;
- a previously determined benefit;

PATENT

App~~lication~~ Serial No. 09/592,618  
Attorney Docket No. 00-012

a previously determined but unredeemed benefit;  
a previously determined price for a previously determined benefit;  
a total of a plurality of previously determined benefits;  
a quantity of a product in inventory;  
a subsidy amount;  
brand-loyalty of [a] the customer;  
brand-indifference of [a] the customer;  
an amount of change due a customer as a result of said transaction;  
product quantity information;  
a price for a collection of products;  
a price for a collection of services;  
a price for a product; and  
a price for a service.

24. (AMENDED) The method of claim 1, further comprising:  
providing a receipt to [a] the customer.
30. (AMENDED) A method for conducting a transaction, comprising:  
receiving transaction information;  
determining a benefit and a qualifying action associated with said benefit, said  
benefit based at least in part on said transaction information;  
determining a price for said benefit;  
selling said benefit at said price to a customer associated with the transaction  
information; and  
applying said benefit during a future transaction.
33. (AMENDED) The method of claim 30, further comprising at least one of the  
following:  
providing an indication of said benefit;  
providing an indication of said price;

PATENT

App. Serial No. 09/592,618  
Attorney Docket No. 00-012

receiving an acceptance of said benefit; and  
imposing a penalty if [a] the customer does not complete a specific transaction.

41. (AMENDED) The method of claim 30, wherein said qualifying action comprises at least one of the following:

a requirement that [a] the customer purchase at least one of an identified product;  
a requirement that [a] the customer purchase at least one of an identified service;  
a requirement that [a] the customer complete a future transaction at a designated retailer;

a requirement that [a] the customer complete a future transaction by a designated time; and

a requirement that [a] the customer conduct a specific future transaction.

47. (AMENDED) A method for conducting a transaction, comprising:

conducting a transaction for a purchase of a first service;  
determining a benefit during said transaction, said benefit associated with a future purchase of a second service and having an associated price;

providing, to a customer associated with the transaction, said benefit at said price during said transaction, thereby charging the price to the customer; and  
applying said benefit during said future purchase.

49. (AMENDED) A method for conducting a transaction, comprising:

conducting a transaction for a purchase of a first product;  
determining a benefit during said transaction, said benefit associated with a future purchase of a second product and having an associated price;

providing, to a customer associated with the transaction, said benefit at said price during said transaction, thereby charging the price to the customer; and  
applying said benefit during said future purchase.

PATENT

App. Serial No. 09/592,618  
Attorney Docket No. 00-012

51. (AMENDED) A method for conducting a transaction, comprising:  
receiving information relating to a first transaction;  
determining a benefit, said benefit based at least in part on said information and having an associated price;  
providing, to a customer associated with the first transaction, said benefit at said price during said first transaction, thereby charging the price to the customer; and  
applying said benefit during a second transaction, wherein said benefit is applicable by [a] the customer during said second transaction only if said customer has completed a qualifying action associated with said benefit.

52. (AMENDED) A method for conducting a transaction, comprising:  
receiving information relating to a first transaction;  
determining a benefit, said benefit based at least in part on said information and having an associated price;  
selling, to a customer associated with the first transaction, said benefit at said price during said first transaction, thereby charging the price to the customer; and  
applying said benefit during a second transaction, wherein said benefit is applicable by [a] the customer during said second transaction only if at least one of a designated product or service is purchased during said second transaction.

53. (AMENDED) A method for conducting a transaction, comprising:  
receiving information associated with a first transaction;  
establishing a benefit having a first price;  
selling, to a customer associated with the first transaction, said benefit for said first price during said first transaction, thereby charging the first price to the customer;  
and  
applying said benefit during a second transaction.

PATENT

App~~lication~~ Serial No. 09/592,618  
Attorney Docket No. 00-012

59. (AMENDED) A method for conducting a transaction, comprising:  
determining at least one product being purchased by a customer during a first transaction;  
determining a price for said at least one product being purchased during said first transaction;  
offering said customer an opportunity to purchase said at least one product during a second transaction at said price;  
receiving an acceptance of said offer from said customer;  
receiving, from said customer, a payment for the opportunity; and  
allowing said customer to purchase said product during said second transaction for said price.

63. (AMENDED) A method for conducting a transaction, comprising:  
determining at least one product being purchased by a customer during a first transaction;  
determining a price for said at least one product being purchased during said first transaction;  
providing said customer a benefit during said first transaction, wherein said benefit allows said to purchase said at least one product during a second transaction at said price;  
charging said customer for a cost of the benefit; and  
allowing said customer to purchase said product during said second transaction for said price.

64. (AMENDED) A method for conducting a transaction, comprising:  
determining at least one product being purchased by a customer during a first transaction;  
determining a first price for said at least one product being purchased during said first transaction;

PATENT

App~~lication~~ Serial No. 09/592,618  
Attorney Docket No. 00-012

providing said customer a benefit for a second price during said first transaction,  
wherein said benefit allows said to purchase said at least one product during a second  
transaction at said first price;

charging the second price for the benefit to the customer, and

allowing said customer to purchase said product during said second transaction  
for said first price.